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FM AMEMBASSY KATHMANDU  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 1281  
INFO RUEHB/AMEMBASSY BEIJING PRIORITY 4299  
RUEHLM/AMEMBASSY COLOMBO PRIORITY 4554  
RUEHKA/AMEMBASSY DHAKA PRIORITY 9656  
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 2544  
RUEHLO/AMEMBASSY LONDON PRIORITY 3951  
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 9672  
RUEHKO/AMEMBASSY TOKYO PRIORITY 0830  
RHEFDIA/DIA WASHDC PRIORITY  
RHHMUNA/CDR USPACOM HONOLULU HI PRIORITY  
RUEKJCS/SECDEF WASHDC PRIORITY  
RUEAIIA/CIA WASHDC PRIORITY  
  
RHEHNSC/NSC WASHDC PRIORITY

C O N F I D E N T I A L KATHMANDU 001090

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DEPT FOR SCA/INS

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TAGS: [PGOV](#) [NP](#)

SUBJECT: SEVEN MEMBER CABINET FORMED

Classified By: A/DCM Steve Blake. Reasons 1.4 (b,d).

Summary

**¶1.** (U) Prime Minister GP Koirala announced a seven-member cabinet on the afternoon of May 2, adding he would expand the Cabinet to 21 members in the future. Key members include KP Oli, CPN-UML as Deputy Prime Minister and Foreign Minister, Krishna Sitaula, Nepali Congress (NC), as Home Minister, and Ram Sharan Mahat, NC, as Finance Minister. In a departure from previous practice, the members were to be sworn in at the Parliament building and not the Royal Palace. The seven-member Cabinet does not yet have representatives of three of the parties in the seven-party alliance. The announcement of the Cabinet came as civil society leaders were warning the political parties to act quickly, or the people would again take to the streets, giving the Maoists the chance to prevail. End Summary.

Nepali Congress Strongly Represented in Cabinet

**¶2.** (U) On the afternoon of May 2, Prime Minister GP Koirala announced a seven-member cabinet, adding that he planned to expand the Cabinet later. KP Oli of the CPN-UML was appointed Deputy Prime Minister and was tasked with also looking after the portfolio of the Foreign Ministry. Krishna Sitaula of the Nepali Congress (NC) received the Home Ministry portfolio. NC leader Dr Ram Sharan Mahat was selected as Finance Minister, and NC leader Mahantha Thakur was chosen as Agriculture and Cooperatives Minister. Prabhu Narayan Chaudhary, leader of the United Left Front, was picked for Land Reform and Management Minister, and Gopal Man Shrestha, NC-D leader, for Physical Planning and Works Minister. The Ministers were set to be sworn in on May 2, at 1700 local time at the Parliament building. This was a departure from the previous practice of administering oaths at the Royal Palace. The Cabinet does not yet have representatives from Nepal Workers' and Peasant Party, Nepal Sadbhawana Party (Anunda Devi), or People's Front Nepal. All three parties were in the seven party alliance.

## Civil Society Frustrated at Delay

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**¶13. (U)** As the political parties discussed their representation in the Cabinet, many Nepalis worried that the political parties were failing to address the needs of the people. On the morning of May 2, Sundar Mani Dixit, a civil society leader, told the media that the people would not forgive the political leaders if they failed to form a cabinet by the end of the day. He stated that the politicians needed to start working for the people and country and should not be squabbling over "petty interests." For example, the politicians should focus on forming a high-level commission to punish human rights violators, and those who used repressive measures to suppress the people's movement. Dixit warned that if the politicians failed to form a Cabinet, the people would once again take to the streets, go against the political leaders, and allow the Maoists to prevail.

## List of Cabinet Appointees

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**¶14. (U)** The following is a list of GP Koirala's Cabinet:

GP Koirala - PM  
KP Oli - Deputy PM and Foreign Affairs  
Krishna Sitaula - Home  
Ram Sharan Mahat - Finance  
Mahanta Thakur - Agriculture and Cooperatives  
Gopal Man Shrestha - Physical Planning and Works  
Prabhu Narayan Chaudhary - Land Reform and Management

## Deputy PM and Minister of Foreign Affairs

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**¶15. (U)** Bio Note: K.P. Oli, CPN-UML, is known as a good grassroots organizer and is considered one of the most influential leftist leaders in Nepal. He was first elected to Parliament in 1991. He was also elected to the House of Representatives in the mid-term polls of 1994 and in the general election of 1999. Oli became involved in leftist politics as a student in the late 1960's and joined the Communist Party in 1969. In the 1970's he was leader of the "Jhapa Peasant's Movement" and, along with the Mainali brothers, he began a campaign of "class enemy annihilation" that involved killing landlords. After being arrested for murder in 1973, Oli spent 14 years in jail, escaping in 1987.

He went into hiding but was appointed to the Central Committee of the CPN while underground. During the brief UML government of 1994 and 1995, Oli served as Home Minister. Oli is now firmly allied with Madhav Kumar Nepal, his one time rival for the position of party general secretary. Both favor the multi-party parliamentary system, and the gradual elevation of the UML into a social democratic party. Opposing them is a faction within the party that is led by former Deputy Prime Minister Bamdev Gautam and C.P. Mainali and which continues to favor more hard-line, nationalist and authoritarian policies. Oli holds a high school degree and learned English from a Peace Corps Volunteer. His English is excellent and in 1992 Oli participated in a USIS program. He also speaks Nepali and Hindi. Oli is married to Radhika Shakya, a Newar Buddhist. They have no children. End Bio Note.

## Minister of Home Affairs

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**¶16. (U)** Bio Note: Krishna Prasad Sitaula, Nepali Congress Party was appointed Spokesperson and Chief of Publicity Department of the Nepali Congress Party on October 18, 2005. He was elected to the House of Representatives on a Nepali Congress ticket from Jhapa District in 1999. He was appointed as the State Minister of Industry, Commerce and Supplies in the cabinet of G.P. Koirala on February 7, 2001 and remained in the post till July 2001. He joined the Nepali Congress Party in 1977. Previously he was a lawyer by profession. He was born on November 9, 1949, in Tehrathum District of eastern Nepal. He holds a bachelors degree in

Law and Science from Tribhuvan University. He is married to Kabita Sitaula, and has one son and two daughters. End Bio Note.

Minister of Finance

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¶7. (U) Bio Note: Ram Sharan Mahat, Nepali Congress Party, has been Minister of Finance numerous times, twice under Sher Bahadur Deuba, once under PM Bhattarai, and previously under GP Koirala's third cabinet. Mahat also served as Minister of Foreign Affairs from June 1999 to February 2000. He was elected to Parliament in the mid-term polls of 1994 and in the general elections of 1999 as a Nepali Congress candidate from Nuwakot, north of Kathmandu. Mahat's political ambitions developed early. He was imprisoned in 1966 for his political activities and efforts toward the restoration of parliamentary democracy. As a student, he was involved in democracy and human rights activism, serving as general secretary of the Nepal Students' Union from 1971 to 1973.

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Mahat received a Doctorate in Economics from Gokhale Institute of Politics and Economics at Poona University in India in 1979. After working with the UNDP for eleven years, Mahat resigned to return to the political arena. Mahat has participated in the USIS International Visitors Program and was a Hubert Humphrey Fellow at American University from 1987 to 1988. In 1999, Mahat was awarded the Frances Humphrey Howard Award for his leadership. His professional interests lie in sustainable development, poverty alleviation and public policy. He has contributed over 100 articles and research papers on Nepali development issues and has authored one book. Mahat's English is excellent. End Bio Note.

Comment

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¶8. (C) While announcement of a partial Cabinet is encouraging, the parties must still agree on the other 15 members. We will continue to urge the seven-parties to remain united and focused on addressing key issues.

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